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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

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Division Director

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Inspection Report
Minerals Regulatory Program
June 12, 2006

Supervisor 0021

Mine Name: Iron Mountain
Operator Name: Palladon Iron Corporation
Lindsay Foot
554 South 300 East Suite 250
Salt Lake City, Utah 84111-3509

Permit number: M/021/008
Inspection Date: June 6, 2006
Time: 9:00 AM

Inspector(s): Doug Jensen

Other Participants: Greg Hawkins – Palladon, Ed Ginouves - BLM

Mine Status: Inactive

Weather: Clear

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages / Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Water Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Purpose of Inspection:

Check progress of the demolition of the structures at the site.

Inspection Summary:

The initial inspection area at the site was the load out area near the tracks. There were trucks hauling in road-base material into the site. The material is being used to construct a base for the new transformer station being constructed at the site. The new transformer station is being built on the area where the station used by the former operator was located.

Mr. Hawkins told us that the load-out area would be where the new mill facilities will be built. The area had been cleared except for a radial stacker and a small section of conveyor belt. It has not been decided yet whether to rebuild the belts or replace them. Photos were taken of this area.

The next area visited was an area at the base of the Mtn. Lion waste dump. Palladon presently has a contractor on site mining at the base of the dump for the purpose of making sand and gravel. The sand and gravel will be used in the concrete needed on-site for the construction of the new mill and maintenance facilities. The area being affected by this sand and gravel operation is located in a pre-law area of the site. While the area is in their permit area, it is not within the areas permitted to be disturbed. A Notice of Violation has been issued to Palladon for not amending their permit to cover this area before beginning the mining activity. I was unable to inform Mr. Hawkins of this fact at the time of the inspection tour until I was able to return to the office and review their permit.

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We next drove to another portion of the Mtn Lion waste dump overlooking the Ant Hill area to point out the area that was permitted by Geneva for future waste placement. This future dumping area will be located on BLM land and Palladon was informed of this fact. From this area we drove past the lean ore stockpile to a waste dump located above that area. From this area we had an overview of the area of the reload/mill/maintenance area. Photos were taken from this area.

During the inspection tour, we discussed the additional items that Palladon needed to furnish the Division to complete the transfer. Greg stated the he had only been on the job for several weeks and was not completely aware of all the nuances of the permit transfer. He stated that he was coming up to speed and hoped that everything would smoother from this point on.

From this point we ended our inspection tour and left the site.

Conclusions and Recommendations:

The operator has indicated that they are planning to bring a contractor on site and begin to construct facilities. I will become more active in my inspections at the site.

Inspector's Signature



Date:

6/12/06

dj:pb

cc: Lindsey Foot, Palladon Iron
Ed Ginouves, BLM, Cedar City FO (UTU-71131)
Attachment: Photos

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SITE OF MAINTENANCE SHOP DEMOLITION

GRAVEL PIT AREA

NEW TRANSFORMER STATION



OVERLOOKING LOAD OUT AREA